



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0024	<b>Title:</b>	Appropriate money for state-run mental health group home
<b>Primary Sponsor:</b>	Schreiner, Casey	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$1,715,964	\$1,485,969	\$0	\$0
Federal Special Revenue	\$238,761	\$237,555	\$0	\$0
<b>Revenue:</b>				
General Fund	\$238,801	\$237,801	\$0	\$0
Federal Special Revenue	\$238,761	\$237,555	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$1,477,163)</u>	<u>(\$1,248,168)</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 24 provides the Department of Public Health and Human Services the ability to establish and operate transitional mental health group homes for certain individuals committed to the custody of the director of the department through the release of the board of pardons and parole; or if the director of the department determines as allowed by law that the transitional mental health group home is the appropriate placement for the individual.

### FISCAL ANALYSIS

#### Assumptions:

- 1) Addictive and Mental Disorders Division (AMDD)
  - a) The estimated costs are based on one 16-bed leased facility.
  - b) It is assumed that all group home residents would come directly from the Montana State Hospital.
  - c) Staffing for the facility would consist of the following FTE:

FTE	Title	Total Annual Salary & Benefits
1.50	Social Workers	\$66,653
2.00	Registered Nurses	\$137,380
21.00	Psychiatric Techs	\$666,452
1.00	Program Manager	\$69,888
	Total Personal Services	\$940,373

- d) Operating costs for the facility would be \$621,251 in FY 2016. This would include one-time only costs to furnish a leased facility of \$168,000 in FY 2016. Operating costs would be \$460,050 in FY 2017. Included in these operating costs is \$180,000 for an annual lease. These costs assume a 1.5% inflationary increase.
  - e) Eight of the group home residents are assumed to meet SSI/SSDI eligibility. If eligibility criteria are met, they would be eligible for the basic Medicaid waiver.
  - f) The cost to serve these individuals on the basic Medicaid waiver would be \$7,800 each or \$62,400 annually. This cost would be funded based on a federal FMAP rate of 65.32% in FY 2016 and 64.99% in FY 2017. The federal cost in FY 2016 would be \$40,760 and \$40,554 in FY 2017. The state portion would be \$21,640 in FY 2016 and \$21,846 in FY 2017.
  - g) Those meeting SSI/SSDI eligibility will qualify for Medicaid room and board reimbursement at a rate of \$103.81 per day x 8 = 303,125 per year. The federal portion in FY 2016 based on an FMAP rate of 65.32% would total \$198,001. In FY 2017, an FMAP rate of 64.99% would apply and the federal portion would be \$197,001. It is assumed these payments will be deposited into general fund revenue. Consistent with current budgeting and accounting methods for Medicaid payments to state facilities, the general fund match of \$105,124 in FY 2016 and \$106,124 in FY 2017 would be certified as met within the group home budget and as such, is not included in the general fund impact.
  - h) The remaining eight residents would be eligible for state funded mental health programs costing \$62,400 per year in general fund (7,800 x 8).
  - i) Federal Medicaid reimbursements would total \$238,761 in FY 2016 and \$237,555 in FY 2017.
  - j) For the eight individuals that are SSI/SSDI eligible, room and board reimbursement would be \$425 per month per resident or \$40,800 per year (\$425 x 12 x 8). It is assumed that these funds would be deposited into the general fund.
- 2) Technology Services Division (TSD)
    - a) Network and telephone wiring and cabling for access to the state network and internet connectivity is estimated to cost \$39,000. This would be a one-time only cost.
    - b) Ongoing network connectivity is estimated to be \$1,300 per year. This is based on a facility with four network connected devices and monthly wide area network (WAN) circuit.
    - c) One-time changes would be required to the Management Information and Cost Recovery System for reimbursement for medical billing and account management. It is assumed that the division would hire an outside contractor to complete these changes. The change is estimated at 240 programming hours at a rate of \$125 per hour for a one-time only cost of \$30,000.
  - 3) Business and Financial Services Division (BFSD)
    - a) BFSD processes facility reimbursement to recover the cost of care from third party payers', including insurance companies, Medicare and Medicaid. It is estimated that the cost to process recovery for one facility could be absorbed within the existing staff level of this unit.
  - 4) Biennial funding of \$3 million general fund is appropriated in HB 24.

	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
FTE	25.50	25.50		
<b><u>Expenditures:</u></b>				
Personal Services	\$940,373	\$940,373	\$0	\$0
Operating Expenses	\$691,551	\$461,350	\$0	\$0
Benefits/Claims	\$322,801	\$321,801	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$1,954,725</b>	<b>\$1,723,524</b>		
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$1,715,964	\$1,485,969	\$0	\$0
Federal Special Revenue (03)	\$238,761	\$237,555	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$1,954,725</b>	<b>\$1,723,524</b>		
<b><u>Revenues:</u></b>				
General Fund (01)	\$238,801	\$237,801	\$0	\$0
Federal Special Revenue (03)	\$238,761	\$237,555	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$477,562</b>	<b>\$475,356</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,477,163)	(\$1,248,168)	\$0	\$0

**Technical Notes:**

1. HB 24 contains a one-time only appropriation. The operation of a group home is an on-going commitment. To the extent the intent of the Legislature is to have the group home in operation beyond the 2017 biennium, the bill should be amended to include language which allows expenditures in the 2017 biennium to become part of the base budget for the department for the 2019 biennium.
2. To the extent it is the intent of the legislature to not prohibit individuals eligible for Medicaid to reside in the group home, the bill should be amended to provide federal appropriation authority to the department to allow for the federal Medicaid match.
3. The net general fund impact is estimated at less than \$3 million for the biennium due to assumed general fund revenue collected. Estimates in this analysis assume a biennial expenditure of \$3.2 general fund whereas the appropriation in the bill is for \$3 million. To the extent the \$3 million appropriation remains and is not amended, the department will reduce costs and/or services as outlined in this plan.
4. Siting, zoning, and timing implications surrounding placement of a group home in an unspecified community are unknown at this time.

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*